

#### 2011

# Recent FLRA Decisions: Making Management Rights an Endangered Species

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#### OUTLINE

- Where we were last year at DELRS regarding the state of the FLRA
  - FLRA priorities
  - Key cases noted at DELRS 2010 omens of things to come
- Cases you need to know the year in review
  - Arbitration exceptions
  - Agency head review and negotiability
  - Other cases of note
- Impact of cases on management representatives





## WHERE WE WERE LAST YEAR – FLRA Priorities

- FLRA priorities for 2010 included:
  - Revamping of arbitration regulations and procedures
  - Reducing case backlog
  - More emphasis on training
  - Implementation of EO 13522
  - More emphasis on ADR
  - More leadership and guidance on federal labor relations issues





#### WHERE WE WERE LAST YEAR - Predictions

- "President Obama appointees populate FLRA and FSIP.
  Many of strong union backgrounds. FLRA majority starts
  to evidence potentially expanded view of statutory rights
  and duty/scope of bargaining issues"
- "The current political climate and FLRA composition have changed risk assessment strategies. Just as unions were very, very careful in bringing cases before the "Bush" FLRA, management needs to be very wary of bringing cases before the new FLRA"
- "A review of cases decided in 2009 and 2010 indicate that the duty and scope of bargaining are likely to be interpreted broadly"





# WHERE WE WERE LAST YEAR - Significant Cases -

- Harbingers of things to come
  - AFGE Local 1547 and Department of the Air Force, Luke AFB 64
    FLRA No. 117 and No. 118 (access to base commissaries and
    exchanges are negotiable). See also AFGE Local 1547 and Dept
    of the Air Force, Luke AFB, 10 FSIP 97 (9/15/10) for the FSIP
    decision that subsequently issued
  - NTEU and U.S. Customs Service, 64 FLRA No. 22 (union can negotiate to reduce scope of "covered by" defense to a duty to bargain); Dept of Justice, Federal Bureau of Prisons and AFGE Council of Prison Locals, 64 FLRA No. 95 (decision narrowly construes prong 2 of "covered by" test)
  - National Weather Service Employees Organization and Commerce, National Weather Service, 64 FLRA No. 98 (proposal to require that the agency hire specific numbers and specific types of positions after a reorganization is an appropriate arrangement)





#### WHERE WE ARE NOW - FLRA News

- FLRA issued revised arbitration regulations and a guide to arbitration practice and procedures (see flra.gov)
- FLRA issued case law digest (see flra.gov)
- There has been a 23% increase in unfair labor practice filings over the last two fiscal years; additional increase expected in FY 2011
- From June 2010 March 29, 2011 the FLRA issued 7 decisions in unfair labor practice cases, 9 decisions in negotiability cases, and 10 decisions in representation cases. The vast majority of decisions (164) concerned exceptions to arbitration awards.





## RECENT CASES YOU NEED TO KNOW – ARBITRATION EXCEPTIONS (Reconstruction)

- FDIC, Division of Supervision and Consumer Protection and NTEU, 65 FLRA No. 27 (9/29/2010)
  - Prior case law required that an arbitrator apply a two-prong test in determining whether an arbitral remedy was consistent with the management rights clause in the Statute
    - Does the award affecting management's rights provide a remedy for a violation of either applicable law or a collective bargaining provision that was negotiated pursuant to 7106 (b) of the Statute (procedure or appropriate arrangement
    - Does the award reflect a reconstruction of what management would have done if it had not violated the law or contract provision
  - FLRA decides that reconstruction is no longer required





## RECENT CASES YOU NEED TO KNOW – ARBITRATION EXCEPTIONS (Reconstruction)

- FDIC, 65 FLRA No. 27 (cont.)
  - What this means: So long as an arbitrator finds that a contract provision was intended as a procedure or an appropriate arrangement for employees impacted by a management right, the arbitrator is free to fashion whatever remedy is deemed appropriate so long as it is reasonably related to the provision and harm being remedied.
  - In this case, arbitrator found that the agency failed to properly process an award recommendation per a negotiated awards agreement. The arbitrator ordered that the employee be granted the award. The agency argued that there was no finding that the employee would have been found eligible for the award even if the process had been properly followed. Exceptions dismissed and award sustained. Chairman Pope dissented.





## RECENT CASES YOU NEED TO KNOW – ARBITRATION EXCEPTIONS (Reconstruction)

- Dept of Army, Defense Language Institute and AFGE Local 1263, 65 FLRA No. 143 (March 31, 2011)
  - Arbitrator found agency violated the contract by not counseling employee that she was not performing as well in certain critical elements as she had prior rating year; ordered that she receive outstanding rating versus exceeds fully successful
  - No reconstruction required; no need to establish the employee would have received outstanding rating if she had been counseled.
  - Note contract language "if the supervisor has identified shortcomings in the employee's performance, the employee will be notified as promptly as possible ..."
  - Agency argued that this was only intended to apply to employees with performance deficiencies but arbitrator ruled that it applied whenever any diminution of performance is identified





## RECENT CASES YOU NEED TO KNOW – ARBITRATION EXCEPTIONS (Reconstruction cont...)

- FDIC, Dallas Regional Office and NTEU, 65 FLRA No. 72 (12/17/2010)
  - Arbitrator orders that employee be given a specific performance rating without the need to reconstruct the rating the employee would have received if the contract violation had not occurred

- Dept of Treasury, Financial Management Service and NTEU Chapter 214, 65 FLRA No. 114 (2/23/2011)
  - Arbitrator found that agency violated the contract by changing employee work schedules and ordered reinstatement of the prior schedules; exceptions based on failure to reconstruct whether reinstatement would have resulted had contract been followed were denied





## RECENT CASES YOU NEED TO KNOW – ARBITRATION EXCEPTIONS (Reconstruction cont ...)

- Social Security Administration, Dallas Region and AFGE Local 3506, 65 FLRA No. 83 (12/23/2010)
  - Arbitrator finds that the employee did not receive fair and equitable consideration for a supervisory vacancy and orders that the employee be promoted to the next supervisory vacancy in her office or another office of her choosing; no need to reconstruct whether employee would have received the promotion if fair and equitable consideration was provided





- Environmental Protection Agency and AFGE Council 238,
   65 FLRA No. 28 (9/29/2010)(aka what's old is new again)
  - Prior case law held that an arbitration award would be overturned if it excessively interfered with management rights under the Statute; the same test as applied to determining negotiability issues
  - FLRA now holds that so long as an arbitrator finds that a negotiated provision was intended to be a procedure or appropriate arrangement, the award will be upheld, despite the interference with a management right, unless it completely abrogates the management right.





- Environmental Protection Agency and AFGE Council 238, 65 FLRA No. 28 (9/29/2010)(aka what's old is new again)
  - Abrogation defined as an award that "precludes an agency from exercising" a management right. Something that limits that right, or conditions the right does not abrogate the right
  - What this means: It is nearly impossible to have an arbitration award overturned based on interference with a management right.
     Previously, management often prevailed under the excessive interference standard
  - Beck dissent would not even have an abrogation test; agencies do not "heedlessly agree" to provisions that unduly interfere with their rights





- Dept of Transportation, FAA and NATCA, 65 FLRA No. 42 (10/29/2010)
  - Arbitrator ruled that management violated the contract by cancelling scheduled overtime without sufficient notice and awarded overtime pay employees would have received had contract provision been followed; no abrogation of management right because management can still assign overtime so long as it doesn't cancel it without 7 days advance notice under the contract





- Dept of the Air Force, Air Force Materiel Command and IAFF Locals F-78, F-88 & F-211, 65 FLRA No. 81 (12/22/2010)
  - Arbitrator found that failure to meet minimum manning standards for fire fighting vehicles violated an agency instruction and several provisions of the negotiated agreement dealing with health and safety; ordered that future staffing of fire fighting vehicles meet the 3 person standard
  - Does not preclude the agency from assigning work; merely requires that three persons be assigned, or that the agency obtain a waiver from HQ for using less than three





- Dept of Treasury, Internal Revenue Service and NTEU Chapter 72, 65 FLRA No. 102 (1/31/2011)
  - Arbitrator found that management violated the contract by limiting overtime to Saturdays or AWS days off; contract provision cited required that overtime be assigned "as equitably as possible"; arbitrator found that limitation gave employees on AWS an unfair advantage in overtime assignments versus those on other work schedules
  - Ordered that employees not on AWS get 16 hours of overtime (less time actually worked) plus interest and attorney fees
  - Award did not abrogate management's right to assign work, just required that overtime be assigned "as equitably as possible"





- Social Security Administration and AFGE Council 220, 65 FLRA No. 137 (3/25/2011)
  - Arbitrator found that management violated the contract by having two supervisors present during mid-year performance discussion; contract was somewhat ambiguous on how many attendees could be present and practice was the only one usually attended
  - Provision was a "procedure" so award sustained despite clear interference with management right to assign; no abrogation because management can still select the single individual it wants to conduct the performance review





- Dept of Justice, Federal Bureau of Prisons, Duluth, MN and AFGE Local 3935, Council of Prison Locals, 65 FLRA No. 124 (2/28/2011)
  - Arbitrator found contract violation because the grievant's reassignment was not "fair and equitable" as required by the reassignment article in the contract; ordered management to negotiate with the union to clarify new job duties and provide training to the grievant
  - Despite interference with management right, no abrogation of right to assign work; management could assign work - just not in a manner that wasn't "fair and equitable"





- Dept of Agriculture, Farm Service Agency, Kansas City and NTEU Chapter 264, 65 FLRA No. 104 (2/3/2011)
  - The parties' negotiated agreement provided for a two-tier rating system. Arbitrator found that management violated both the Statute (7116(a)(7)) and the contract when it unilaterally implemented a five-tier rating system; ordered the parties to return to the two-tier system
  - FLRA upheld the award finding that it does not abrogate management's rights to direct employees and assign work by evaluating them on the quality of their performance.
     Rather, it merely limits that appraisal to two rating levels





## RECENT CASES YOU NEED TO KNOW – ARBITRATION EXCEPTIONS (Contrary to Law)

- It is becoming increasingly difficult for management to prevail in an arbitration exception before the FLRA.
- Arbitrators are given complete deference in making factual determinations and this makes it very difficult to prevail on most of the bases listed in 5 CFR 2425.6 (the new arbitration regs). For example, exceptions based on allegations that the arbitrator exceeded the scope of his authority, or that the award is based on a non-fact are almost never granted.
- The one area where exceptions are often granted is where management can establish that the award violates a controlling law, rule or regulation





## RECENT CASES YOU NEED TO KNOW – ARBITRATION EXCEPTIONS (Contrary to Law)

- See, e.g. Navy Exchange and AFGE Local 3723, 65 FLRA No. 71 (12/16/2010) (back pay awarded to employee excluded from Back Pay Act); SSA, Office of Disability Adjudication and Review and AFGE Local 1164, 65 FLRA No. 69 (12/16/2010)(award of commuting expenses not authorized by law); HUD and AFGE, National Council of HUD Locals, 65 FLRA No. 90 (1/26/2011)(award reclassifying positions not authorized by law)
- See also Dept of Treasury, IRS and NTEU Chapter 238, 65 FLRA No. 75 (12/21/2010) (award regarding grade and pay retention violated OPM regulations); Dept of Defense, DODDS and Federal Education Association, 65 FLRA No. 122 (2/28/2011) (order to expunge reference to discipline from OPF, despite upholding the discipline itself, violated OPM government-wide regulation)





## RECENT CASES YOU NEED TO KNOW – ARBITRATION EXCEPTIONS (Raise it or Lose it)

- FLRA has consistently cited its regulations and dismissed issues or arguments made in arbitration exceptions that were not raised before the Arbitrator.
  - Dept of Justice, Federal Bureau of Prisons and AFGE
    Council of Prison Locals, 64 FLRA No. 150
    (5/27/2010)(agency could have argued proper statute of
    limitations for FLSA back pay before the arbitrator but didn't;
    agency had notice at hearing that union wanted three years
    back pay)
  - Social Security Administration and AFGE Local 3627, 65
     FLRA No. 113 (2/18/2011) (union argued before arbitrator that remedy should include vacating selection for promotion; agency did not raise interference with management right to select before the arbitrator; FLRA barred raising issue in exceptions)





## RECENT CASES YOU NEED TO KNOW – ARBITRATION EXCEPTIONS (Raise it or lose it cont...)

- Dept of Veterans Affairs, Medical Center, Richmond and AFGE Local 2145, 65 FLRA No. 130 (3/17/2011)(arbitration concerned access by union president to agency's computer system following her discharge from employment; agency on notice that union remedy requested reinstatement of computer access; did not raise internal security issue at arbitration and was barred from raising in exceptions)
- DHHS, Office of Medicare Hearings and Appeals and NTEU Chapter 229, 65 FLRA No. 43 (10/29/2010)(arbitrator found that agency did not justify limiting flextime to one day per week when contract permits up to two days per week; exceptions argued that award violated management right to determine internal security; exceptions barred because argument not raised at hearing)





- NTEU and Dept of Treasury, Bureau of Public Debt,
   65 FLRA No. 109 (2/14/2011)
  - The Authority establishes separate standards for reviewing declarations of non-negotiability depending on whether the claim was made at the table before an agreement was reached, or upon agency-head review after agreement is reached
  - If asserted prior the execution of an agreement, the excessive interference test for balancing management rights and appropriate arrangements continues to apply
  - However, if the agency head declares a provision to be non-negotiable during the 7114(c) review process, the Authority will find the proposal to be within the scope of bargaining unless it completely abrogates the exercise of the management right



- Rationale: Parties are expected to send parties to the table who can adequately protect their interests. If management feels a union proposal excessively interferes with the exercise of a management right, the time to raise it is prior to execution of the agreement. Post execution, the provision would have to completely waive the exercise of the management right to be found non-negotiable
- What this means: The pressure is now on management negotiators at the level of recognition to effectively analyze union contract proposals, research applicable case law on excessive interference, get timely guidance from labor specialists and counsel within respective chains of command, and comply with the statutory provisions for timely and appropriately serving declarations of nonnegotiability





- Unions have decried agency head review for many years for the same reasons noted by the Authority in this decision
  - Perception that it dilutes the negotiations process
  - Gives agency a chance to undo what ineffective negotiators at the table gave away
  - Superimposes a bureaucratic review unrelated to the actual work environment at the level of recognition
- FLRA sends a statement
  - Could have continued trend of finding few, if any, situations of excessive interference without changing the test itself
  - Legal justification for decision under the labor statute is questionable since 7114(c) specifically states that agency head review includes "provisions of this Chapter" which includes management rights
- Treasury has recommended that DOJ appeal the decision





- Review of excessive interference: KANG, 21 FLRA 24 (1986)
  - Does the proposal interfere with the exercise of a management right?
  - Is the proposal intended to be an arrangement for employees adversely affected by the exercise of that right (does it ameliorate or mitigate adverse effects flowing from the exercise of that right?
  - Is the proposal sufficiently tailored to compensate those employees suffering adverse effects from the exercise of the right (but "prophylactic" proposals are ok where the exact identity of those who may be harmed in the future cannot be determined)
    - See Department of Commerce, Patent and Trademark Office and Patent Office Professional Association, 65 FLRA No. 62 (11/30/2010)(FLRA finds that a compensation increase can still be an appropriate arrangement if it is intended to be a "balm" in reaction to the exercise of a management right)



- Does the proposal excessively interfere with the management right, i.e. do the benefits to employees outweigh the degree of interference with the management right?
- These are very case specific determinations and outcome often depends on who the members of the Authority are at the time the case is decided





- Telework and union representatives NAGE Local R1-144 and Department of the Navy, Naval Undersea Warfare Center, Newport, 65 FLRA No. 115 (2/23/2011)
  - FLRA finds negotiable a proposal permitting up to five union officials to perform union-related duties on official time at their home worksite for up to 20 hours per week per person. Denies arguments that it violates right to assign work and the Flexible and Compressed Work Schedules Act





- Overtime and flexible work schedules AFGE Council 220 and Social Security Administration, 65 FLRA No. 126 (3/9/2011)
  - FLRA upholds arbitrator determination that "suffer or permit" overtime is waived by law for employees voluntarily working extra hours under a flexible daily work schedule; overtime on flexible schedules is only for work ordered by management in advance.
     Definition of overtime in law specifically states it does not cover credit hours
- Formal discussions Dept of the Air Force, David-Monthan AFB, 64 FLRA No. 158 (5/28/2010)
  - Mediation session of formal EEO complaint was a formal discussion notwithstanding employee's request that union not be present; evidence did not establish a direct conflict between union institutional right and employee's individual right





- Interlocutory appeals of arbitration awards Dept of the Navy, Trident Refit Facility, Kings Bay, GA and IAM, 65 FLRA No. 144 (3/31/2011)
  - Arbitrator had issued decision awarding EDP but retained jurisdiction to determine amount of back pay in the absence of bilateral agreement by the parties; arbitrator specifically stated that the merits award would be final upon certification of EDP due on the grievance, Exceptions filed after arbitrator issued monetary award
  - Key discussion of when an award is final and binding starting the clock on filing exceptions; retention of jurisdiction for remedy amount and arbitrator statement of when award would be final cannot change statute on timeliness of filing exceptions; exceptions dismissed as untimely; should have been filed when arbitrator initially ruled that EDP was warranted.





- Covered by Dept of Treasury, IRS and NTEU, 64 FLRA No. 105 (5/23/2010)
  - "Covered by not found" regarding release and recall of temporary employees despite presence of contract article on release and recall of employees
  - FLRA finds contract article doesn't specifically mention temporary or intermittent employees)
- Piecemeal bargaining Dept of Treasury, IRS and NTEU, 64 FLRA No. 180 (6/25/2010)
  - Agency bargained in bad faith by insisting that AWS be negotiated separate from negotiations for a master collective bargaining agreement; matter had been covered in the expired agreement and union could insist that it be bargained as part of term negotiations;
  - FLRA articulates strong policy minimizing piecemeal bargaining





- Representational activity and credit hours NLRB Region 18 and NLRB Union, 64 FLRA No. 87 (2/25/2010)
  - FLRA upheld arbitrator award finding that nothing in law or the parties' negotiated agreement limited the ability of a union rep to earn credit hours for representational duties
- Contract provisions that mirror statutory provisions Dept of Army, Fort Lewis and IAM, 65 FLRA No. 147 (March 31, 2011)
  - Arbitrator need not apply statutory standards when interpreting contract provision that mirrors statutory language; contract provision defined adverse action the same as 5 USC and 5 CFR; arbitrator found loss of night differential constituted adverse action (reduction in grade or pay)





- Police officers and national security bargaining unit exclusion –
   Department of the Treasury, Internal Revenue Service and
   NTEU, 65 FLRA No. 146 (3/31/2011)
  - FLRA overrules Regional Director and holds that police officers should not be excluded from the bargaining unit.
  - Very narrow view of work that "directly affects" national security
  - Strong dissent by Member Beck; AFGE filed amicus brief so management can expect similar cases to be filed within DOD.





- The stakes at the bargaining table have been significantly raised
  - Contract language and appropriate arrangements
    - Arbitrators determine whether a provision was intended to be a procedure or appropriate arrangement
    - Make the union articulate all criteria to support an appropriate arrangement and have table notes to support later claims that the union never articulated the criteria





- Identify the management right that is implicated
- Identify the narrowly tailored group that would be affected by the exercise of the management right
- Identify how the proposal would mitigate or ameliorate the impact
- Identify the extent to which the proposed arrangement would interfere with the exercise of the management right
- Words are important ("fair and equitable"; other conditions that limit or condition the exercise of management rights)
- Don't put something in the contract if you can't live with how it might be interpreted and applied (abrogation test)





- Don't leave something out of the contract that needs to be in the contract (limited scope of "covered by" defense)
- Define things more if necessary.
  - Agreeing to "weasel" words may be necessary but don't completely leave the definition to the whim of an arbitrator.
  - Note several of the cited cases where the arbitrator interpreted contract language in a manner not intended by the management negotiators
  - Keep careful and accurate bargaining table notes (joint?)
     to limit the arbitrator's ability to interpret contract language
     in a manner not intended by the parties
- Be a tougher negotiator
  - Consider what an arbitrator could do with the language in the agreement and, if possible, propose language that narrows the opportunity for mischief





- Don't rush negotiations; given current case law, negotiations may need to take longer
  - Anticipate potential increase in mediation and impasse proceedings
- Consider whether interest based negotiation principles may better cover agency interests (more transparent negotiations)





- Negotiability issues need to be asserted
  - Can't wait or defer for agency head to catch during 7114(c) review (abrogation test)
  - Can't wait and assert negotiability concerns during the arbitration process or in arbitration exceptions
  - Need to truly analyze impact of potential contract language on mission accomplishment and agency operations
  - Research case law and contact component representatives for guidance when in doubt
  - Interference with management rights not asserted during the bargaining process will likely be lost forever





## IMPLICATIONS FOR MANAGEMENT REPRESENTATIVES (cont...)

- Consider negotiating remedy provisions into contracts to replace the reconstruction test either in the arbitration article or in specific articles in the contract
  - Performance evaluation and awards provisions
  - Overtime provisions
  - Merit promotion provisions





- Case presentation to the arbitrator has never been more critical
  - Don't underestimate the importance of framing the issue; don't let the union change the scope of the grievance or the remedy sought at arbitration
  - Need to raise all potential legal, contractual, or regulatory limitations to the arbitrator's award; raise it or lose it
  - Need to argue whether provisions were, in fact, negotiated as appropriate arrangements





- Case presentation to the arbitrator has never been more critical
  - Need to specifically argue remedy issues, especially limitations on the arbitrator's remedial authority
  - Need to very carefully research arbitrators; greater deference to the arbitration process yields greater risks of arbitrator mischief
    - Cyberfeds
    - FLRA case decisions regarding exceptions
    - Networking
    - Arbitration panel?





- Consider settlement options very carefully (Rolling Stones – "You can't always get what you want, but if you try sometime, you might find, you get what you need.")
- Be careful of potential attorney fees in back pay situations. Arbitrators are prone to awarding them and FLRA will defer; in fact, FLRA has ordered fees where the arbitrator didn't award them. See Dept of the Air Force, David Monthan AFB and AFGE Local 2924, 65 FLRA No. 50 (10/29/2010)





# QUESTIONS?

